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Subject: Regulation AA

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August 6, 2008

Federal Reserve Board

Washington, D.C.

Re: Proposed changes to the Board's Regulation AA (Unfair or Deceptive Acts or Practices)

Docket No. R-1314

Dear Sir or Madam:

I am writing to support the proposed changes to the Board's Regulation AA.

I have held Visa and Master Card credit cards from First Wisconsin National Bank (now USBank) for 35 years. However, this year I cancelled one of the cards because of the Bank's outrageous practices with respect to late payments.

(1) The purpose of interest is to reflect risk and bring a reasonable rate of return. It does not necessarily follow that a late payment means the customer is a credit risk. To jump from 18% to 34% due to late payments is unwarranted with a customer who has a 35 year history with the Bank, who always pays their credit cards within 45-55 days, has a substantial income and long term employment and home ownership. To charge interest equal to 1/3 of the balance due is gouging.

(2) What ever happened to laws against usury?

(3) Each time there is a late payment, the bank charges \$40. In addition, they raise the interest from 18% to 34%. They should not be able to have it both ways. Either charge a late payment fee or interest, but not both.

(4) The fees and interest charged by banks do not correlate to reality. A fee should be allowed to cover actual out-of-pocket costs incurred by the bank. I should not be a windfall. As noted above, interest should be a true measure of risk and prevailing interest rates, not a windfall.

(5) It doesn't cost the banks that much to get the money. They pay their savings account customers 1-2% interest, but they charge 18-34% to credit card holders. They are making money coming and going.

(6) A consumer has absolutely no leverage with credit card companies. They act as a block in their own self-interest. I called my bank to ask that the interest rates be reduced from 34 to 18%. They said no, and said that the credit card agreement permits them to make the charges. It is unfortunate that one must cancel a credit card in order to get relief.

Thank you very much for your very important work on this proposal.

Peggy A. Nelson